About this Release:

This publication provides Official Statistics on Tobacco Duty, which covers duty on cigarettes, cigars, hand rolling tobacco (HRT) and other types of tobacco such as pipe and chewing tobacco.

The statistics in this release are based on data from recent and historic trader returns up to the previous calendar month. Detailed statistics on clearances and receipts are provided in the accompanying tables.

In practice, tobacco duty is paid under duty deferment arrangements, whereby liability accrued during one calendar month is paid in duty to HMRC the following month. Therefore, the monthly receipts statistics covered in this publication relate to tobacco products cleared in the previous month.

Chart 1: Tobacco receipts can be volatile on a monthly basis

Total tobacco receipts for 2018-19 to date (April to January) are £7,775 million, which is £150 million (2.0%) higher than the same period in 2017-18.

The latest 3-month total (Nov, Dec & Jan) for tobacco receipts is £2,198 million, which is £179 million (7.5%) lower than the same period in 2017-18; and £172 million (7.3%) lower than the previous 3-month total (Aug, Sep & Oct).

The increase in receipts in November 2018, followed by a decrease in December can be explained by the timing of the Budget and trader behaviour. In 2018 the Budget took place in October one month earlier than in 2017, which explains the pattern around December.

Monthly total tobacco cash receipts are calculated by summing the receipts from a variety of different cigarette types and other tobacco products. This, as well as substantial changes to rates of duty across all tobacco products and forestalling prior to government budgets or the tobacco manufacturers’ own price rises mean that monthly total receipts have been volatile over the last few years.

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Current Duty Rates

Duty on cigarettes is calculated as a percentage (16.5%) of the retail price plus a specific amount (£228.29) per 1000 cigarettes

OR

As a single amount (£293.95) per 1000 cigarettes whichever is higher.

Duty on all other tobacco products is charged by the kilogram:
- Hand rolling tobacco £234.65 per kg
- Cigars £284.76 per kg
- Other products £125.20 per kg

Other products covers other smoking products (e.g. pipe tobacco) and chewing tobacco.

The percentage of cigarette receipts has decreased, and hand rolling tobacco has increased since 2008-09. This is likely due to people moving from smoking cigarettes to hand rolling tobacco possibly because it is cheaper.

Total Tobacco Receipts by Product Type (£ million)

<table>
<thead>
<tr>
<th>Financial Year</th>
<th>Cigarettes</th>
<th>Hand Rolling</th>
<th>Cigars</th>
<th>Other</th>
<th>Overall Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016-17</td>
<td>7,585</td>
<td>1,231</td>
<td>71</td>
<td>21</td>
<td>8,909</td>
</tr>
<tr>
<td>2017-18</td>
<td>7,419</td>
<td>1,320</td>
<td>64</td>
<td>24</td>
<td>8,827</td>
</tr>
<tr>
<td>2018-19 to date</td>
<td>6,464</td>
<td>1,226</td>
<td>64</td>
<td>20</td>
<td>7,775</td>
</tr>
</tbody>
</table>

- Cigarette receipts increased from 2008-09 up to 2012-13, at which point they stabilised up until 2015-16, since then, they have decreased.
- Hand rolling tobacco receipts have increased steadily over the last 10 years from £501 million in 2008-09 to £1,320 million in 2017-18.
- Cigar receipts gradually decreased from 2008-09 up until 2015-16, since then, they have decreased more sharply
- Other tobacco products also gradually decreased since 2008-09, however they have decreased at a roughly consistent rate.

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